

MARKET SUMMARY

Complete Recap of Today's Market Activity

AM Rally Completely Erased By The Close

Market Summary: Monday, September 14, 2026 - 2:50AM

This morning's paradoxical rally lasted 30 whole minutes. Bonds turned around at exactly 9am and proceeded to completely erase the AM gains. There were no compelling macro motivations for the reversal apart from a modest rise in oil prices. While oil price lows and highs perfectly matched bond yields in terms of timing, the bond selling was disproportionately larger. This is highly suggestive of [short covering](#) being a component of the morning rally. In other words, traders who had open bets on higher rates simply closed those [positions](#) quickly this morning. From that point on, the market was free to trade as it pleased. 2yr/10yr spreads remained mostly flat which suggests broad selling across the curve and no change in the paradoxical sentiment component of the AM rally. Bottom line: there were two rally motivations this morning, and one of them left the bond market open to correction.

Justin Grable

President of Mortgage Lending, ABLE Mortgage

www.ABLEMortgage.com

P: (951) 899-0009

M: (951) 899-0010

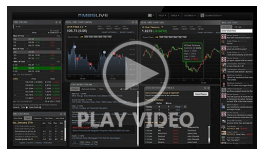
justin@ablemortgage.com

41923 Second St.
Temecula CA 92592

NMLS 246763
CA DRE 01411989

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MBS & Treasury Markets

UMBS 5.5	97.37	+0.03	10YR	4.971%	+0.002%	9/14/2026 12:44AM EST
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Negative Reprices Becoming More Likely

If you haven't seen a negative reprice yet, odds are increasing. MBS just hit unchanged levels and are down more than 3/8ths from the highs and at least a quarter point from most lenders' rate sheet print times. 10yr yields are still down half a bp at 4.96 but that's up from lows of 4.904.

Selling has been slow and steady with little by way of new inspiration.

ALERT: Down Over an Eighth From Rate Sheet Print Times

MBS MORNING: Paradoxical Rally in Bonds Thanks to Higher Fed Hike Odds

Today's Mortgage Rates

30YR Fixed 7.12% +0.05%

15YR Fixed 6.65% +0.03%

9/11/2026

Mortgage Rates Held Fairly Steady Until Late in The Day

Looked at in a vacuum, and up until the last few hours of the day, Friday was no better or worse than the average day over the past several months. Compared to yesterday morning's levels, the average lender was 0.01% higher--a small enough move to be effectively considered "unchanged." This expanded to 0.05% in the last few hours as multiple lenders increased rates.

In terms of big-picture benchmarks, the increase officially brings rates to their highest levels since early 2025. To be clear, we were just barely lower than May 2025 levels yesterday. Now we're in line February 2025 levels.

The intraday market movement was interesting. The bond market (which underlies mortgage rate movement) actually improved this morning even though Fed rate hike expectations increased following a slightly hotter inflation reading in this morning's economic data.

This is an uncommon pattern. There are two ways to look at it. First, longer-term rates may have been encouraged by the uptick in Fed rate hike expectations because that provided reassurance that Fed was more likely to take steps to combat higher inflation. In other words, some of the upward pressure in longer-term rates is thought to have been driven by fear of Fed inaction.

If this morning's inflation data was hot enough to increase the odds of action, but not so hot as to cause a material change in the inflation outlook, it's the perfectly warm bowl of porridge. In OTHER other words, yes! There's a scenario where longer-term rates (things like mortgages and 5-10yr Treasury yields) actually WANT the shortest-term rates (like the Fed Funds Rate) to move higher.

The other way to look at it involves traders' underlying positions. This is more esoteric, so we won't fully dissect it here. The gist is that traders could either be buying bonds to open new "long" positions betting on rates falling or to close previous "short" positions (bets on rates rising). The latter is known as short-covering and it's a less sustainable source of downward pressure on rates.

Why would that matter today? Because as the day progressed, we saw bond yields gradually return to the morning highs, basically erasing the paradoxically strong reaction to this morning's inflation data.

At the very least, we can say that today's high stakes inflation data didn't end up doing too much incremental harm to the rate outlook. Next week's Fed announcement (and the associated market reaction) will tell us a lot more about the road ahead for rates.

Time	Event	Actual	Forecast	Prior
Monday, Sep 14				
Tuesday, Sep 15				
8:15AM	ADP Employment Change Weekly			12K
8:30AM	Sep NY Fed Manufacturing ☆		15	20.60
11:30AM	6-Week Bill Auction (%)			3.740%
12:00PM	NOPA Crush Report (%)			
1:00PM	20-Yr Bond Auction (bl)	13		